



NY REPLY OR SUBSEQUENT REFERENCE SHOULD BE ADDRESSED TO THE FINANCIAL SECRETARY AND THE FOLLOWING REFERENCE NUMBER QUOTED:-

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MINISTRY OF FINANCE AND PLANNING
30 NATIONAL HEROES CIRCLE
P.O. BOX 512
KINGSTON
JAMAICA

October 27, 2014

Circular 19
File No: 907/120^{2014/2015}

Permanent Secretaries
Heads of Departments
Chief Executive Officers
Chairmen of Regional Health Authorities

RE: CHANGES TO VIREMENT POLICY

Virement is the term used to describe the reallocation/reorganization of the approved budget of a Ministry/Department/Agency during the course of a financial year with the changes being regularized in subsequent supplementary estimates.

AUTHORITY FOR VIREMENT

The Minister of Finance under, Section 19A (2) (a) (b), of the FAA Act, has the legal authority to reallocate resources within the approved budgets of MDAs and may delegate this authority in writing, to an accounting officer.

The Financial Secretary, under Section 21 of the FAA Act, Financial Management Regulation (2011) has authority to issue instructions setting limits on Virement.

NEW VIREMENT POLICY

In accordance with Cabinet Decision No. 28/14 dated July 28, 2014, accounting officers are hereby advised that new virement guidelines, as listed hereunder, will become effective on April 01, 2015:

COMPENSATION OF EMPLOYEES

- a) No Virement shall be authorized by accounting officers within, from or to the approved budget allocations for Object 21 - Compensation of Employees, under any activity or project within a programme or sub-programme. This restriction is extended to budgetary allocations at the sub-object and sub-sub-object levels of Compensation of Employees as specified in the Chart of Accounts.
- b) In accordance with Section 19A (4) of the FAA Act, moneys provided to MDAs for compensation of employees during the course of that financial year which was not expended shall cease to have effect at the close of that financial year and shall be surrendered to the Consolidated Fund Principal Bank Account within the time specified by law.

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PUBLIC INVESTMENT PROJECTS

- c) Virement involving public investment projects, as defined by the Financial Administration and Audit (Amendment) Act, 2014 cannot be approved by an accounting officer. The prior authorization of the Minister is required before any reallocation/reorganization of the approved budget of a public investment project can be undertaken.

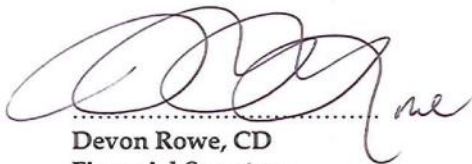
NON WAGE RECURRENT BUDGET

- d) Accounting officers may, where necessary, authorize Virement within the Non-Wage component of the Recurrent Budget;
- e) A Quarterly report of all Virement authorized by accounting officers must be submitted to the Financial Secretary, in the appropriate form (see Appendix 2), within two weeks of the end of each quarter;
- f) All Virement must be incorporated in Supplementary Estimates which are to be tabled in the House within 6 months after the close of the financial year;
- g) Virement shall not be used to create:
 - i. new Activities/Programmes which were not included in the original budget approved by parliament
 - ii. a new commitment or cause an increase in an existing commitment on a permanent basis which will necessitating the provision of additional funds for a Head of Estimates in the current financial year or the medium term;
- h) Virement shall not be authorized between Heads of Expenditure nor between Voted and Statutory Provisions;

EFFECTIVE DATE

This Circular will become effective on **April 01, 2015** and remain in place up to **March 31, 2017**. A review will be conducted by the end of the third quarter of Financial Year 2015/2016 to determine the need for further strengthening of the policy, following which any amendments necessary will be made.

Accounting Officers are advised that MOFP Circulars No. 11 and No. 24, dated November 13, 2003 and July 18, 2012, respectively, shall cease to have effect on March 31, 2015.



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Devon Rowe, CD
Financial Secretary

Copy : Mrs Pamela Munroe-Ellis, Auditor General